



North East Pickering Landowners Group Inc.  
c/o Delta Urban Inc.  
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May 1, 2024

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Marconi,

***Re: Engagement on Electricity Distribution System Expansion for Housing Development – EB-2024-0092***

Delta Urban Inc. (DUI), on behalf of the Northeast Pickering Landowners Group (NEPLG), submits this letter to the Ontario Energy Board (OEB) in response to the invitation to engage in the aforementioned proceeding and in follow up to the stakeholder meeting held on April 3, 2024.

**Summary**

The NEPLG is committed to the development of new, affordable housing for Ontarians consistent with the Government of Ontario's urgent priority of constructing at least 1.5 million homes by 2031. As part of this OEB proceeding, NEPLG is putting forth the following positions and options for advancing the government's housing policy goals and removing barriers to development:

- Extending the customer connection horizon from five to ten years
- Extending the customer revenue horizon from 25 to 40 years
- Capping expansion costs for the connection of new housing (e.g., the cap could potentially be based on the expected size of the new load or number of homes being built)
- Changing the definition of "enhancement" in the Distribution System Code (DSC) to allow for initial system expansions that are intended to facilitate large new planned multi-year residential development areas
- Updating the OEB's *Filing Requirements for Electricity Distribution Rate Applications* by incorporating a reference to municipal housing targets and the need for distributors to proactively plan their systems to accommodate new housing developments (e.g., provincially set municipal housing targets)
- Using regulations, directives, and/or legislative changes by the government to empower the OEB and Independent Electricity System Operator (IESO) to facilitate the government's housing goals, for example:



- Requiring the OEB to (1) provide guidance to licensed distributors, transmitters and other regulated entities regarding the OEB's expectations in relation to activities in support of achieving the government's housing goals; or, (2) requiring the OEB to implement such measures as the OEB considers necessary to address the issue of connection costs as it affects the residential housing sector and achievement of the government's housing goals
  - Giving guidance and direction to the IESO to incorporate provincially-set municipal housing targets for 2031 into provincial and regional electricity system planning exercises, assessments, and outlooks
- Establishing evaluation criteria to assess potential changes to connection policies in order to balance the interests of the many parties potentially affected by changes to cost responsibility and cost recovery

The NEPLG also recommends the creation of a working group including all key stakeholders, including the Ministry of Energy and the Ministry of Municipal Affairs and Housing, to expedite a solution and better understand the impact of the current electricity connection and planning framework in delivering on this critical government priority.

### **Who we are**

DUI is the group manager for the NEPLG, a collection of landowners and developers who own multiple properties in Northeast Pickering ("NEPLG lands"). The NEPLG was started in 2021 with the goal of collectively guiding the development process within the associated area. NEPLG lands are those contained within the Northeast Pickering Secondary Plan (NEPSP), which is currently underway with the City of Pickering and has an estimated completion date of Q4 2024. The NEPLG lands consist of a gross area of approximately 1,826 hectares, generally bound by 8<sup>th</sup> Concession Road to the north, Highway 7 to the south, Lakeridge Road to the east, and Westney Road to the west. At present, approximately 51% of the parcels within the NEPSP participate in the NEPLG. A map of the NEPLG lands is appended to this letter.

The members of the NEPLG are as follows:

- Dorsay Development Corp.
- Armland Group
- The Brown Group
- Crown Hill Golf Club Inc.
- Coughlan Homes
- Fieldgate Developments
- Tribute Communities

The vision for the NEPLG is to create a vibrant, walkable community with a mix of land uses, including a variety of housing options and densities, while providing a range of employment opportunities to encourage complete communities.



### **OEB's consultation process on connection and revenue horizon**

On April 3, 2024, the OEB held a stakeholder meeting to present connection and revenue horizon options and seek feedback on:

- Existing policies regarding the connection and revenue horizons
- Potential options for changes to both horizons
- Alternate cost recovery approaches

Stakeholder feedback is due by May 1, 2024. Following stakeholder feedback, the OEB indicated it would be submitting a report to the Minister of Energy no later than June 30, 2024.

As property developers, NEPLG has a keen interest in how connection cost responsibility and cost recovery policies are set by the OEB. Connection costs are significant and directly increase the cost of new housing. For example, in the EB-2022-0024 proceeding, the Brooklin Landowners Group Inc. submitted that the current framework in the DSC would result in six developers, representing less than seven percent of all North Brooklin landowners, bearing responsibility for financing 100 percent of the \$26.7 million cost of connection facilities designed to deliver electricity to the entire North Brooklin Community.<sup>1</sup> Preliminary estimates by NEPLG suggest that the cost of electricity infrastructure to service the NEPLG lands could exceed \$160 million – and that is assuming that no new transformer station would need to be built. Depending on the number of new home starts, and given the current five-year connection horizon, this would mean an impact of \$5,000 to \$20,000 to new homebuyers within the Northeast Pickering Secondary Plan.

NEPLG welcomes this opportunity to provide its submissions to the OEB. However, as discussed in the closing section of this submission, NEPLG submits that a wider, more in-depth consultation process is needed to undertake a comprehensive review and assessment of potential options to change the connection cost responsibility and cost recovery framework, so that provincial housing goals for 2031 can be achieved. The limited consultation period and time to provide feedback has significantly constrained our ability to fully explore and evaluate potential changes not only to the OEB's regulatory framework but also legislative and regulatory amendments that may be needed in respect of electricity system planning.

### **Context: New housing construction as a government policy priority**

Increasing housing supply is a clear priority of the Government of Ontario, which has explicitly stated its policy target of constructing at least 1.5 million homes by 2031 and is actively measuring progress toward this goal.<sup>2</sup>

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<sup>1</sup> Submission of Brooklin Landowners Group Inc. (EB-2022-0024) May 4, 2023: <https://www.rds.oeb.ca/CMWebDrawer/Record/787050/File/document>, p. 12.

<sup>2</sup> Ontario, Tracking Housing Supply Progress: <https://www.ontario.ca/page/tracking-housing-supply-progress>



This policy priority has been established over the course of many significant actions taken over the past several years, some of which are noted below:

1. In May 2019, the government published *More Homes, More Choice: Ontario's Housing Supply Action Plan* "to address Ontario's housing crisis."<sup>3</sup>
2. In August 2020, the government released *A Place to Grow: Growth Plan for the Greater Golden Horseshoe*, designed to promote economic growth, increase housing supply, create jobs and build communities that make life easier, healthier and more affordable for people of all ages."<sup>4</sup>
3. In December 2021, the government appointed a Housing Affordability Task Force to make recommendations related to housing supply and affordability,<sup>5</sup> reporting its findings in February 2022.<sup>6</sup>
4. In April 2022, the *More Homes for Everyone Act, 2022*<sup>7</sup> was passed.
5. In September 2022, the *Strong Mayors, Building Homes Act, 2022*<sup>8</sup> was passed.
6. In October 2022, the government published *More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022–2023*, setting out policies to get 1.5 million new homes built by 2031.<sup>9</sup>
7. The *More Homes Built Faster Act, 2022*<sup>10</sup> was passed in November 2022.
8. In August 2023, the government launched the Building Faster Fund, a \$1.2 billion fund to assist municipalities in meeting housing targets and goals.<sup>11</sup>
9. Most recently, in April 2024, the government introduced the *Cutting Red Tape to Build More Homes Act, 2024*,<sup>12</sup> to further facilitate the building of new homes.<sup>13</sup>

As can be seen through this (non-exhaustive) list, a focus on building new homes and increasing home affordability has been a clear and consistent priority for the government for the past five years.

### **Energy and housing development**

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<sup>3</sup> Ontario, *More Homes, More Choice: Ontario's Housing Supply Action Plan*, May 2019:

<https://www.ontario.ca/page/more-homes-more-choice-ontarios-housing-supply-action-plan>

<sup>4</sup> Ontario, *A Place to Grow: Growth plan for the Greater Golden Horseshoe*, August 2020:

<https://www.ontario.ca/document/place-grow-growth-plan-greater-golden-horseshoe>

<sup>5</sup> Ontario, "Ontario Appoints Housing Affordability Task Force," December 6, 2021:

<https://news.ontario.ca/en/release/1001289/ontario-appoints-housing-affordability-task-force>

<sup>6</sup> Ontario, "Ontario Publishes Housing Affordability Task Force Report," February 8, 2022:

<https://news.ontario.ca/en/release/1001556/ontario-publishes-housing-affordability-task-force-report>

<sup>7</sup> *More Homes for Everyone Act, 2022*: <https://www.ontario.ca/laws/statute/s22012>

<sup>8</sup> *Strong Mayors, Building Homes Act, 2022*: <https://www.ontario.ca/laws/statute/s22018>

<sup>9</sup> Ontario, *More Homes Built Faster*, October 2022: <https://www.ontario.ca/page/more-homes-built-faster>

<sup>10</sup> *More Homes Built Faster Act, 2022*: <https://www.ontario.ca/laws/statute/s22021>

<sup>11</sup> Ontario, "Ontario Providing New Tools to Municipalities to Build More Homes Sooner," August 21, 2023:

<https://news.ontario.ca/en/backgrounder/1003396/ontario-providing-new-tools-to-municipalities-to-build-more-homes-sooner>

<sup>12</sup> *Bill 185, Cutting Red Tape to Build More Homes Act, 2024*: <https://www.ola.org/en/legislative-business/bills/parliament-43/session-1/bill-185/status>

<sup>13</sup> Ontario, "Cutting Red Tape to Build More Homes," April 10, 2024:

<https://news.ontario.ca/en/backgrounder/1004423/cutting-red-tape-to-build-more-homes>



Most of the policy action noted above relates to various provincial and municipal planning, development and approval processes, regulations, reducing construction costs and fees, and tax measures. However, of late, more policy attention has focussed on energy infrastructure and the role of the OEB. Four particular examples are noted:

Firstly, the Minister of Energy's November 2023 letter of direction to the OEB, which is the impetus for the present consultation, states:

**"Our government has ambitious goals to build at least 1.5 million new homes, new highways, subways and improved rail transportation, and has also been successful in attracting new jobs to the province, particularly in critical minerals, electric vehicles and battery manufacturing. With this in mind, it is critical that the OEB ensures that Ontario's electricity and gas transmission and distribution systems are built to support these goals in a timely manner, while protecting ratepayers. Achieving this goal requires timely decision-making, well scrutinized costs and a regulatory environment with certainty for proponents. *I encourage the OEB to review electricity infrastructure unit costs in the electricity sector and potential models for cost recovery that could help to ensure infrastructure costs are kept low and are not a barrier to growth in our province. I also ask that the OEB review its electricity distribution system expansion connection horizon and revenue horizon direction to ensure that the balance of growth and ratepayer costs remain appropriate. Please report back on this review in June 2024.*"**<sup>14</sup>

[Emphasis added]

Secondly, the preamble to *Bill 165, Keeping Energy Costs Down Act, 2024*, which is currently before the Legislative Assembly, states that the Government of Ontario "Is committed to building at least 1.5 million homes by 2031 in order to keep the dream of homeownership alive."<sup>15</sup>

Finally, there have been two recent regulatory postings (both made in April 2024) related to OEB energy infrastructure approvals and facilitating new home construction. One proposal is intended "to fast-track [OEB] approval of energy infrastructure projects (e.g., natural gas pipelines and electricity lines) [...] to support the government-wide efforts to address timelines related to transit project construction and the need for additional housing stock across the province."<sup>16</sup> The second proposal is also related to OEB approvals and intended to "cut timelines and costs for pipeline relocation or reconstruction that would

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<sup>14</sup> Minister of Energy, Letter of Direction from the Minister of Energy to the Acting Chair, November 29, 2023: <https://www.oeb.ca/sites/default/files/letter-of-direction-from-the-Minister-of-Energy-20231129.pdf>

<sup>15</sup> *Bill 165, Keeping Energy Costs Down Act, 2024*: <https://www.ola.org/en/legislative-business/bills/parliament-43/session-1/bill-165>

<sup>16</sup> Ontario, *Proposed Regulations Under the Ontario Energy Board Act, 1998 to Support Building Homes and Transit Faster by Prescribing Conditions for Fast-Tracking Approval of Certain Small Energy Infrastructure Projects*, April 17, 2024: <https://ero.ontario.ca/notice/019-8562>



help build transit, roads, and new housing faster to support Ontario's growing economy and population."<sup>17</sup>

### **EB-2022-0024 proceeding**

The Phase 2 Decision in the recent incentive rate-setting mechanism (IRM) application filed by Elexicon Energy Inc. (Elexicon) featured an examination of capital contributions for new housing development, including alternative approaches to cost responsibility and cost recovery, such as the following proposal:<sup>18</sup>

1. Extending the customer connection horizon from five to ten years;
2. Extending the customer revenue horizon from 25 to 40 years;
3. Relieving the first contributor from fronting the full capital contribution by instead collecting those costs developer-by-developer until the customer attachment forecast underpinning the capital contribution has been met; and,
4. Removing or reducing the expansion deposit required in DSC section 3.2.20.

The first two proposals in this list are a focus of the present consultation, i.e. customer connection and revenue horizons. The OEB decision in EB-2022-0024 acknowledged that "an extension of the connection horizon would not address the issue of requiring a significant capital contribution in these circumstances. A substantial capital contribution would be required from developers in all scenarios considered."<sup>19</sup>

The third proposal from EB-2022-0024 cited above is intended to address the "first mover" issue in which new developers that do not make initial contributions are required to contribute only for connections within the five-year customer connection horizon. Developers that wait to connect customers after the initial five-year period can avoid contributions, leaving the full cost to be paid by the initial developers. The proposal made in EB-2022-0024 would have had developers pay as customers connected, until such time as the connection forecast had been met – even if those connections were to be made beyond the five-year period. The OEB agreed "that there may be issues of the fairness of cost attribution to first movers with incremental electricity demands,"<sup>20</sup> but the OEB decision did not resolve this issue.

The OEB decision did not address the fourth proposal to remove or reduce the expansion security deposit, but noted Elexicon's position that removing deposits would shift the financial risks to utilities

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<sup>17</sup> Ontario, *Proposed Amendments to the Ontario Energy Board Act, 1998 and associated regulations to modernize leave-to-construct approvals for pipeline relocation or reconstruction projects to build transit and housing faster*, April 11, 2024: <https://ero.ontario.ca/notice/019-8527>

<sup>18</sup> OEB, *Decision and Order – Phase 2*, EB-2022-0024, July 6, 2023: <https://www.rds.oeb.ca/CMWebDrawer/Record/801260/File/document> p. 22.

<sup>19</sup> *Ibid.*, p. 26.

<sup>20</sup> *Ibid.*, p. 25.



and ratepayers. Overall, the OEB's decision in EB-2022-0024 did not endorse any of the four potential alternative approaches noted above.

The proceeding in EB-2022-0024 also featured discussion about the December 22, 2022 guidance letter from OEB staff which expressed the view that under the DSC, LDCs have discretion, on a case-by-case basis, to extend beyond five years the customer connection horizon that is used in distribution system expansions.<sup>21</sup> The proceeding revealed the absence of a shared understanding between OEB staff and LDCs on whether discretion was permitted, with Elexicon submitting "that there is a contradiction between the letter and the Ontario Energy Board Act, 1998 as well as prior OEB staff guidance."<sup>22</sup> The OEB's decision declined to resolve this issue.

### **Alternative cost recovery options**

There is no single option that will, by itself, remove the cost barriers to new housing construction and protect ratepayers. For example, as noted by the OEB in EB-2022-0024, simply extending connection and revenue horizons does not eliminate the need for a significant upfront capital contribution that is a significant barrier to building new homes and to housing affordability. NEPLG recommends the investigation of a broad range of policy instruments to overcome this challenge, including government legislation and regulations, as well as the broader electricity system planning undertaken by the IESO.

That said, NEPLG believes the suite of policy tools needed to both lower the barriers to building new homes and improve housing affordability includes extending connection and revenue horizons.

Options the NEPLG believes deserve closer examination are explored below.

#### **a) Relevant previous OEB – government policy facilitation**

The OEB has previously made policy changes related to facilitating government policy priorities that are instructive and provide examples of frameworks applicable to the current situation regarding new housing and housing affordability.

##### **i. Connection cost responsibility to support renewable generation**

In 2009, the OEB revised its approach to assigning cost responsibility between a distributor and a generator for the connection of renewable generation facilities to distribution systems. This was done to facilitate the achievement of government policy objectives for renewable generation as set out in the *Green Energy and Green Economy Act, 2009*.<sup>23</sup> The resulting amendments to the DSC reduced the

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<sup>21</sup> OEB, "Reminder of Distributor Discretion to Extend Customer Connection Horizon for System Expansions," December 22, 2022: <https://www.oeb.ca/sites/default/files/OEB-staff-Letter-Customer-Connection-Horizon-20221222.pdf>

<sup>22</sup> OEB (July 2023): <https://www.rds.oeb.ca/CMWebDrawer/Record/801260/File/document> p. 25.

<sup>23</sup> OEB, Notice of Proposal to Amend a Code: Proposed Amendments to the Distribution System Code, EB-2009-0077, June 5, 2009: [https://www.oeb.ca/oeb/Documents/EB-2009-0077/NoticeofProposal\\_DSC\\_20090605.pdf](https://www.oeb.ca/oeb/Documents/EB-2009-0077/NoticeofProposal_DSC_20090605.pdf)





upfront capital contribution payable by an eligible connecting generator by introducing the concepts of “renewable enabling improvements” and the “renewable energy expansion cost cap.”

Further, the OEB also issued guidelines setting out a “regulatory framework which covers accounting, funding, and planning for electric distribution system investments to accommodate the connection of renewable energy generation facilities and/or develop a smart grid. Its principal objective is to enable electricity distributors to get an early start on investments that should appropriately be made now in furtherance of the Government’s policy goals...”<sup>24</sup>

NEPLG is of the view that some of the concepts and activities undertaken in 2009 are worth exploring when considering options and proposals in the current policy environment on housing. Some of these options are discussed in greater detail further below.

## **ii. Capital planning to support telecommunications projects**

In 2021, the government passed the *Supporting Broadband and Infrastructure Expansion Act, 2021*.<sup>25</sup> This legislation amended “the Ontario Energy Board Act, 1998, to provide the Ontario government with regulation-making authority regarding the development of, access to, or use of electricity infrastructure for non-electricity purposes.”<sup>26</sup>

Following passage of the legislation, the government filed Ontario Regulation 842/21 (Electricity Infrastructure (Part VI.1 of the Act)), which, among other things, requires that if the OEB requires licensed distributors to submit a capital plan, the OEB shall require, that, in preparing the plan, a licensed distributor must conduct consultations with any telecommunications entity that operates within the distributor’s service area for the purpose of providing or facilitating the provision of telecommunications services.<sup>27</sup>

This led to the OEB updating Chapter 5 of its *Filing Requirements for Electricity Distribution Rate Applications (Filing Requirements)*, April 2022, to include requirements on capital planning to support telecommunications projects.<sup>28</sup>

As with supporting renewable generation, NEPLG is of the view that some of the concepts and activities undertaken in 2021-22 with respect to facilitating government policy priorities related to

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<sup>24</sup> OEB, Guidelines for Deemed Conditions of Licence regarding Distribution System Planning, G-2009-0087, June 16, 2009: [https://www.oeb.ca/oeb/Documents/EB-2009-0087/letter\\_Dx\\_System\\_Planning\\_20090616.pdf](https://www.oeb.ca/oeb/Documents/EB-2009-0087/letter_Dx_System_Planning_20090616.pdf);

OEB, *Guidelines: Deemed Conditions of Licence: Distribution System Planning*, G-2009-0087, June 16, 2009: [https://www.oeb.ca/oeb/Documents/EB-2009-0087/Dx\\_System\\_Planning\\_Guidelines\\_20090616.pdf](https://www.oeb.ca/oeb/Documents/EB-2009-0087/Dx_System_Planning_Guidelines_20090616.pdf)

<sup>25</sup> *Supporting Broadband and Infrastructure Expansion Act, 2021*: <https://www.ontario.ca/laws/statute/s21002>

<sup>26</sup> Ontario, “Backgrounder: Supporting Broadband and Infrastructure Expansion Act, 2021,” March 4, 2021: <https://news.ontario.ca/en/backgrounder/60546/supporting-broadband-and-infrastructure-expansion-act-2021>

<sup>27</sup> *O. Reg. 842/21: Electricity Infrastructure (Part IV.1 of the Act)*, December 10, 2021: <https://www.ontario.ca/laws/regulation/r21842>

<sup>28</sup> OEB, 2023 Cost of Service Filing Requirements, April 18, 2022: <https://www.oeb.ca/sites/default/files/OEB-Filing-Reqs-cvrltr-20220418.pdf>





telecommunications projects are worth exploring when considering options and proposals to support the government's current housing development targets.

## **b) Proposals for advancing the government's housing policy goals**

### **i. Customer connection and revenue horizons**

The NEPLG supports extending the customer connection horizon from five to ten years and extending the customer revenue horizon from 25 to 40 years. However, as noted above, these changes, while helpful, do not obviate the need for a significant upfront capital contribution. These longer customer connection and revenue horizons would be consistent with the horizons used in natural gas expansion economic evaluations.<sup>29</sup>

A longer customer connection horizon would appropriately consider the foreseeable revenues to come from customers that are able to attach in years six and beyond because of the expansion. The revenues from customers that attach after the fifth year are enabled by expansion contributions incurred by developers, but currently they are recovered fully by LDCs. Increasing the connection horizon would shift a portion of the contribution to the security deposit so LDCs would be safeguarded if those connections do not materialize, and thereby would not absorb any additional risk. Extending the customer connection horizon would also reduce the "first mover" issue because new developers connecting customers after the fifth year would be required to make contributions that offset the first developers' contributions. The time period to collect contributions from new developers is currently tied to the five-year connection, however, more equity among developers could be achieved by extending this period to a longer timeframe, such as the 15-year period used for transmission customers.<sup>30</sup>

Extending the revenue horizon would better align the economic evaluation period with the depreciable life of electricity distribution assets associated with the contribution. Most assets depreciate over periods longer than 40 years, particularly the system access assets that are required for a system expansion to a new housing development.<sup>31</sup>

In conjunction with changing the horizons, the NEPLG suggests that the OEB consider whether the "Methodology and Assumptions for An Economic Evaluation" as set out in Appendix B of the DSC requires any updates to the common elements and assumptions, given that Appendix B was last revised in 2009.

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<sup>29</sup> OEB, *Final Report of the Board*, E.B.O. 188, January 30, 1998:

<https://www.oeb.ca/oeb/Documents/Decisions/EBO%20188%20Decision.pdf>

<sup>30</sup> OEB, *Transmission System Code*, August 2, 2023:

<https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2023-08/Transmission-System-Code-20230802.pdf>, s. 6.3.17

<sup>31</sup> Kinetrics, *Asset Depreciation Study for the Ontario Energy Board*, July 8, 2010:

<https://www.oeb.ca/oeb/Documents/EB-2010-0178/Kinetrics-418033-OEB%20Asset%20Amortization-%20Final%20Rep.pdf>



## ii. Expansions

The NEPLG supports exploring options for reducing upfront capital contributions related to expansion costs. For example, as noted above, in 2009 the OEB introduced the “renewable energy expansion cost cap.” Following a review of expansion costs for feeder extensions associated with distributed generation connections, the OEB set the cap at \$90,000/MW (e.g., a generator with a 5 MW project would be required to pay for all expansion costs over \$450,000).

Similar to its approach to developing the cap for renewable connections in response to government policy, the NEPLG believes that the OEB should explore a cap on expansion costs for the connection of new housing developments as an avenue for reducing upfront capital contributions (e.g., the cap could potentially be based on the expected size of the new load or number of homes being built).

## iii. Enhancements

The NEPLG supports exploring options related to changing the definition of “enhancement” in the DSC to allow for initial system expansions that are intended to facilitate large new planned multi-year residential development areas. NEPLG suggests that this could be accomplished by referring to the government’s municipal housing targets. In 2022, the provincial government assigned targets to 29 single-tier municipalities in southern Ontario with a population projected to be over 100,000 by 2031.<sup>32</sup> In 2023, the government assigned targets to 21 municipalities with a population projected to be 50,000 or more by 2031.<sup>33</sup> For example, similar to changes incorporating facilitating renewable generation in 2009, the provincial housing targets could be incorporated into the definition of “enhancements” as a component of “reasonable forecast load growth,” or added to the list of considerations a distributor should take into account of when determining system enhancements. Such a change would reduce capital contributions needed from developers (and, by extension, from new homebuyers).

## iv. Filing requirements

NEPLG notes that the energy transition is resulting in the OEB developing new regulatory obligations and approaches for how electricity distributors need to plan their systems to meet electrification. For example, the OEB updated its *Filing Requirements for Electricity Distribution Rate Applications* to state that “A distributor must also demonstrate that it has a planning process for future capacity needs of the distribution system, which must include, among others, increased adoption of electric vehicles.”<sup>34</sup>

Given the clear indication that new housing is a government priority, it is worth exploring and incorporating references to municipal housing targets and the need for distributors to proactively plan

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<sup>32</sup> Ontario, 2031 Municipal Housing Targets, October 25, 2022: <https://ero.ontario.ca/notice/019-6171>

<sup>33</sup> Ontario, 2031 Municipal Housing Targets – Phase 2 Updates, October 4, 2023: <https://ero.ontario.ca/notice/019-7281>

<sup>34</sup> OEB, *Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications*, Chapter 5, Distribution System Plan, December 15, 2022, pg. 9: <https://www.oeb.ca/sites/default/files/OEB-Filing-Reqs-Chapter-5-2023-Clean-20221215.pdf>



their systems to accommodate new housing developments (e.g., provincially set municipal housing targets) in filing requirements.

#### **v. Government policy instruments**

NEPLG recognizes that, despite the government's clear policy priority with respect to new housing construction, the OEB's statutory objectives do not include facilitating the connection of new housing to the electricity distribution system. As a result, the OEB may feel constrained in its ability to act with respect to facilitating government policy in this matter, especially with respect to cost responsibility, cost recovery, and capital planning by utilities.

NEPLG recommends exploring with government the use of regulations, directives, and/or legislative changes to empower the OEB to facilitate the government's housing goals, similar to the actions taken by the government with respect to supporting telecommunications projects (see above). Such direction could, for example, take the form of a requirement that when the OEB requires LDCs to submit a capital plan, it must also require the LDC to conduct consultations with any housing developers that operate within the LDC's service area for the purpose of providing or facilitating the provision of new residential housing supply.

Similarly, when a previous government made renewable energy a policy priority (see discussion above) it amended the *Ontario Energy Board Act, 1998*<sup>35</sup> by introducing deemed conditions of licence (see section 70(2.1) of the *OEB Act*) that require distributors (and transmitters) to: (a) prepare plans and file for OEB approval, in the manner and at the times mandated by the OEB, plans for the expansion or reinforcement of their respective systems to accommodate the connection of renewable energy generation facilities; and (b) in accordance with their respective OEB-approved plans or as otherwise mandated by the OEB, expand or reinforce their respective systems to accommodate the connection of renewable energy generation facilities.

NEPLG believes similar deemed conditions of licence with respect to housing development (e.g., provincially set municipal housing targets) would provide an unambiguous path for reducing upfront expansion and enhancement costs for housing developers, allowing the OEB to issue clear guidance on the matter and resulting in lower prices for new home buyers.

Legislative changes, as were done for renewables and telecommunications, could be accompanied by regulatory (e.g., as done in the case of telecommunications) and/or government directives (e.g., issued under section 27 of the *OEB Act*) requiring the OEB to (1) provide guidance to licensed distributors, transmitters and other regulated entities regarding the OEB's expectations in relation to activities in support of achieving the government's housing goals; or, (2) requiring the OEB to implement such measures as the OEB considers necessary to address the issue of connection costs as it affects the residential housing sector and achievement of the government's housing goals.

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<sup>35</sup> *Ontario Energy Board Act, 1998*: <https://www.ontario.ca/laws/statute/98o15>



Similarly, it is likely necessary for the government to provide guidance and direction to the IESO to incorporate provincially-set municipal housing targets for 2031 into provincial and regional electricity system planning exercises, assessments, and outlooks.

The NEPLG strongly recommends that the OEB raise options such as those described above in its report back to the Minister and not confine itself to an overly narrow reading of the Minister's letter of direction.

### **Assessing options**

NEPLG notes that the OEB did not indicate the criteria it would use to assess and evaluate potential alternative options for cost responsibility and cost recovery. NEPLG is sensitive to the fact that any reduction of costs for developers (and new home buyers) will need to be recovered from another party: utilities, ratepayers, and/or taxpayers. Therefore, we suggest that the OEB, in its considerations of options and report back to the Minister, identify evaluation criteria that balance the interests of the many parties potentially affected by changes to cost responsibility and cost recovery. Potential evaluation criteria include:

- Achieving the government's policy priorities
- Economic efficiency of electric system investment (e.g., over/under building)
- Economic efficiency of new housing development (e.g., over/under building)
- Fairness to current and future ratepayers
- Fairness to developers and future homeowners
- Fairness to utilities
- Administrative simplicity for utilities
- Ease of understanding for housing developers

### **Next steps**

The OEB indicated at the April 4, 2024 meeting that following receipt of stakeholder comments it would be submitting its report to the Minister by June 30, 2024. NEPLG believes that this abbreviated stakeholder consultation process is inadequate for developing a fully informed report back to the Minister on how the OEB's cost responsibility and cost recovery policies can be changed to facilitate and achieve the government's 2031 housing targets and home affordability objective.

NEPLG strongly suggests that it is best interests of all parties involved in this consultation to be given an opportunity to provide feedback on a draft report (or any significant changes in the OEB's considerations subsequent to its April presentation) prior to submission to the Minister at the end of June. An opportunity to provide feedback will ensure the report to the Minister includes an informed and complete picture of stakeholder views on the options presented for the Minister's consideration so that the government's housing targets can be achieved effectively, efficiently, and within the desired timeframe.



NEPLG would welcome the OEB indicating what next steps stakeholders should expect following submission of its report to the Minister at the end of June.

As part of these next steps, NEPLG recommends the creation of a working group including all key stakeholders, including the OEB, IESO, Ministry of Energy, and the Ministry of Municipal Affairs and Housing, to expedite a solution and better understand the impact of the current electricity connection and planning framework in delivering on this critical government priority.

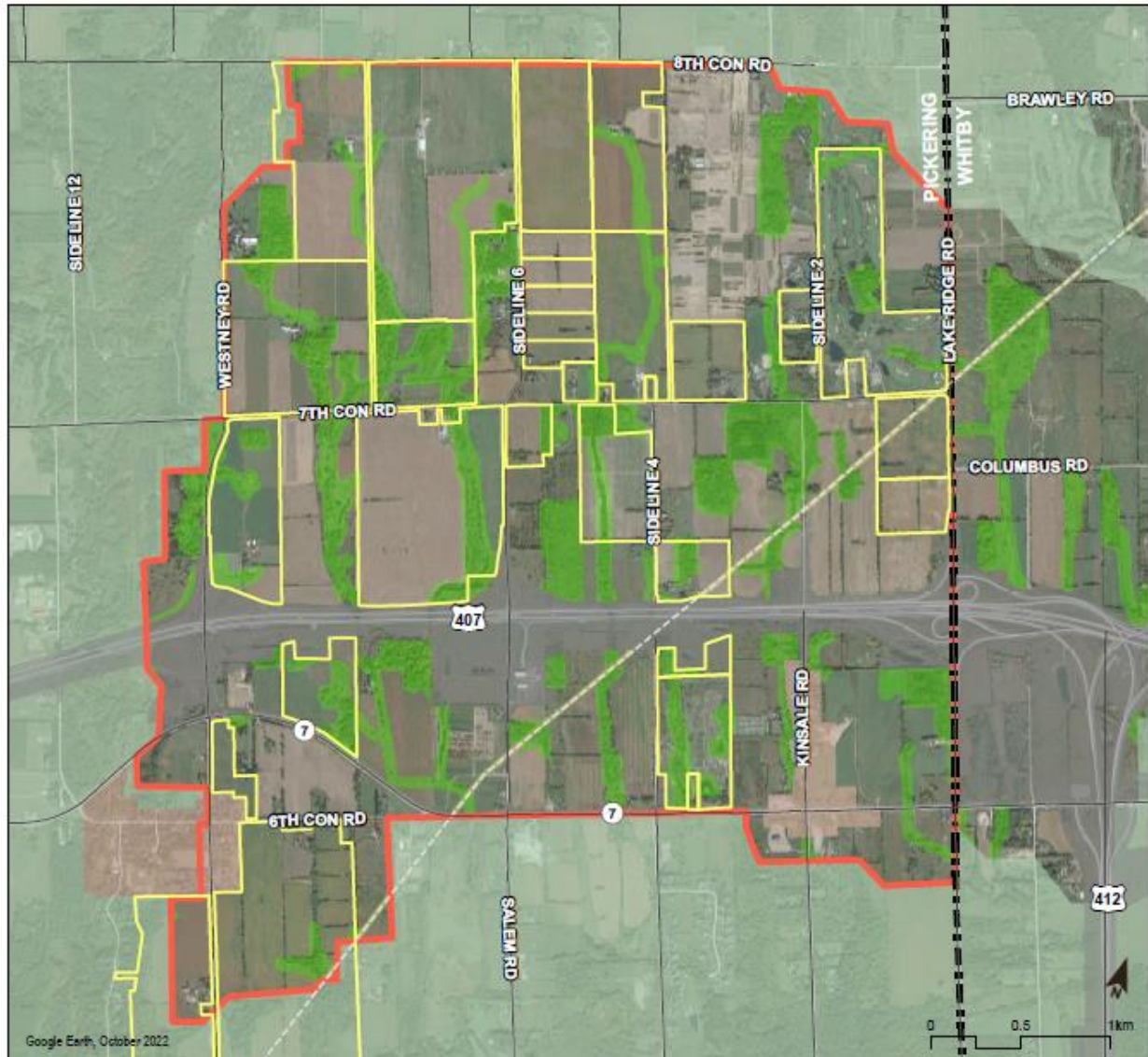
We thank the OEB for its consideration of our submission and welcome the opportunity to discuss any of the feedback provided in more detail.

Regards,

Ore Alade, BES  
Project Manager II, Delta Urban Inc.  
*on behalf of North East Pickering Landowners Group Inc.*



## PARTICIPATING LANDOWNERS NORTH-EAST PICKERING



- |                      |                         |
|----------------------|-------------------------|
| North-East Pickering | Participating Landowner |
| Municipal Boundary   | Non-Developable Area    |
| Hydro Line           | Hwy 407 Right-of-Way    |
| Greenbelt Plan       | 30m Hydro Corridor      |
| Hamlet               | Natural Heritage System |

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**MGP** Malone  
Given  
Parsons.